

Message Text

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12

ACTION NEA-12

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TO SECSTATE WASHDC 6314

INFO AMEMBASSY NEW DELHI

AMCONSUL CALCUTTA

LIMITED OFFICIAL USE KATHMANDU 3882

NEW DELHI FOR AMBASSADOR CARGO

EO 11652: N/A

TAGS: NP, PGOV, PINR

SUBJECT: ARREST OF AGRICULTURE SECRETARY

1. AGRICULTURE SECRETARY SURENDRA RAJ SHARMA (PLBRL) WAS DISMISSED AUGUST 31 AND DECLARED "UNFIT FOR FUTURE EMPLOYMENT IN GOVERNMENT SERVICES." SHARMA WAS ARRESTED BY SPECIAL POLICE ON CHARGE OF CORRUPTION" SEPTEMBER 2 AND ON SEPTEMBER 3 BAGMATI SPECIAL COURT AUTHORIZED HIS DETENTION FOR INVESTIGATION UNTIL SEPTEMBER 22, UNDER REGULATION WHICH PERMITS THREE MONTH DETENTION WITHOUT CHARGES (HE IS, HOWEVER, APPARENTLY UNDER WHAT AMOUNTS TO HOUSE ARREST).

2. NO SPECIFIC CHARGES AGAINST SHARMA HAVE AS YET BEEN MADE PUBLIC. ACCORDING UNSOURCED REPORT IN PRIVATE PRESS, HOWEVER, HE IS CHARGED WITH "IMPROPER ACTION REGARDING PERMISSION GIVEN TO EXPORT FOOD GRAINS," AND RELATED BUT UNCONFIRMED REPORTS IN PRIVATE PRESS ARE THAT ALL RICE EXPORT LICENSES HAVE BEEN CANCELLED.

3. IN EDITORIAL SEPTEMBER 4 SEMI-OFFICIAL RISING NEPAL, WITHOUT MENTIONING SHARMA SPECIFICALLY, DEMANDED "STIFF PUNISHMENT" FOR CORRUPTION AND SUGGESTED "PUNISHMENT SHOULD BE LIMITED OFFICIAL USE

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NOT ONLY COMMENSURATE WITH AMOUNT INVOLVED BUT ALSO WITH LEVEL

OF PERSON PROVEN GUILTY, WITH MORE DRASTIC PUNISHMENT FOR THOSE WHO HAVE OCCUPIED POSITIONS OF TRUST AND RESPONSIBILITY AT POLICY MAKING LEVELS." POINTING OUT THAT OFFICIALS PREVIOUSLY DISMISSED FOR CORRUPTION HAVE NOT BEEN FURTHER PUNISHED, EDITORIALISTS OF PRIVATE AND OPPOSITIONIST PRESS HAVE PICKED UP AND EMBELLISHED RISING NEPAL POSITION, DEMANDING CRIMINAL PROSECUTION AND SUGGESTING THAT HMG IS RIDDEN WITH SIMILAR INSTANCES OF CORRUPTION.

4. SHARMA'S ARREST HAS INEVITABLY SPARKED PLETHORA OF RUMORS, AMONG THEM THAT HE HAS BEEN SUBJECTED "THIRD DEGREE" AND HAS IMPLICATED MANY OTHERS IN MALFEASANCE. PRIVATE PRESS HAS CARRIED REPORTS THAT FOREST AND GENERAL ADMINISTRATION (FORMERLY ALSO FOOD, AGRICULTURE AND IRRIGATION) MINISTER HARI BAHADUR BASNYAT (PLBRL), FORMER PRIMIN KIRTI NIDHI BISTA, AND OTHERS ARE INVOLVED.

5. COMMENT: WE HAVE NO EVIDENCE WHICH WOULD SUBSTANTIATE CHARGES OF CORRUPTION AGAINST SHARMA OR OTHERS IMPLICATED BY RUMOR MILL. HOWEVER, TO EXTENT SHARMA'S ALLEGED MALFEASANCE INVOLVES ERRORS OF JUDGMENT RATHER THAN OUTRIGHT PECULATION, HIS FATE LIKELY INFLUENCE FUTURE WILLINGNESS OF OTHER GON OFFICIALS TO STICK THEIR NECKS OUT AND TAKE HARD DECISIONS NECESSARY TO SUSTAIN DEVELOPMENT MOMENTUM. IN OTHER WORDS, REVERSION TO GOVERNMENT BY WAFLING AND BUCK-PASSING SEEMS A VERY POSSIBLE FALLOUT FROM THIS LATEST AND MOST VIGOROUS PALACE MOVE TO CRACK DOWN ON CORRUPTION.
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